

Orange H Group Limited (In Receivership) (In Liquidation) and relevant subsidiaries

Receivers' second report pursuant to section 24 of the Receivership Act 1993

18 January 2019



McGrathNicol

Important note and disclaimer

The entities to which this report relates, all of which are in receivership and in liquidation, are provided in the table below and are collectively referred to in the report as the "Companies" or "Receivership Entities".

Receivership Entities (all in receivership and in liquidation)

Company name	Company number
▪ Orange H Group Limited	3691741
▪ H Construction Group Limited	3746315
▪ H Construction Hobsonville Limited	3893218
▪ H Construction North Island Limited	175077
▪ H Construction North Island Group Limited	3873056
▪ H Construction N.I. Limited	3874817
▪ H Construction South Island Limited	3691841
▪ H Infrastructure Holdings Limited	5995672
▪ H Infrastructure (NZ) Limited	5995721
▪ H Plant Limited	3691839
▪ HUC Limited	826148
▪ Orange H Construction Limited	3723877
▪ Orange H Management Limited	3691975

A corporate structure diagram for Orange H Group Limited (In Receivership) (In Liquidation) and its subsidiaries ("Group") is provided at Appendix 1.

Disclaimer

This report has been prepared by us in accordance with Section 24 of the Receiverships Act 1993.

It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership pursuant to Sections 26 and 27 of the Receiverships Act 1993

The Receivers do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.

Receivers' second report on the state of affairs of the Receivership Entities

Introduction

- Andrew John Grenfell and Conor John McElhinney ("Receivers") were jointly and severally appointed as Receivers and Managers of all the assets, property and undertakings of the Companies on 11 May 2018 by McConnell Limited as Security Agent for the secured lenders, being those entities provided in Appendix 3 ("Secured Lenders"). The Receivers were appointed under the powers contained within a group security agreement dated 4 April 2016 ("GSA") in favour of the Secured Lenders.
- Subsequent to our appointment, Andrew Bethell and Andrew McKay ("Liquidators") of BDO were appointed as liquidators of the Companies (with the exception of H Construction North Island Limited ("HCNI") where Timothy Downes and Stephanie Jeffreys of Grant Thornton are liquidators).
- We set out below our report on the state of the affairs of the Companies, including a report on the progress of the receivership for the period 11 May 2018 to 10 November 2018 ("Period") as required by section 24 of the Receiverships Act 1993.

Receipts and payments

- Appendix 2 provides the Receivership Entities' receipts and payments summaries for the Period.

Property disposed of in the Period and proposals for future disposal of property

- In March 2017, the Group sold its business and assets to Hawkins 2017 Ltd and Downer New Zealand Ltd ("Purchaser"), both subsidiaries of Downer EDI. The sale of the business included employment contracts, the Hawkins brand and name, plant and equipment and selected construction contracts. Construction projects not included in the sale remained with the Companies for completion ("Retained Projects"). The majority of the Retained Projects had reached practical completion and were in their defects liability period.
- During the Period, the Receivers have collected a number of payment claims and retentions in relation to the Retained Projects. The Receivers continue to work with principals to seek recovery of amounts due on the Retained Projects. In some cases this may require legal actions against principals.

Amounts owing to the Secured Lenders as at the date of the report

- The GSA under which the Receivers were appointed secures the inter-company receivables/advances between the Secured Lenders. The secured amounts due by each Receivership Entity are provided in Appendix 2.
- During the Period, the beneficiary of a \$10.5m bond associated with H Construction Schools 2 PPP Ltd (In Liquidation), called the bond in full. The bond was cash-backed by McConnell Limited, with a guarantee from Orange H Group Limited (In receivership)(In liquidation). As a result, the amount outstanding to McConnell Limited has increased during the Period to \$26.0m (net of distributions).

- In addition to the cash held in secure bank accounts, HSBC and Vero have prior ranking security over the Companies' assets to secure the contingent liabilities associated with the performance bonds and sureties issued on behalf of the Group. At the date of the report, the value of HSBC's and Vero's performance bonds and sureties still on issue was \$1.0m.

Amount owing as at the date of the report to creditors of the Companies having preferential claims

- The Receivers have paid employees preferential claims in full.
- PAYE and related employment taxes had been paid up to date.
- At the date of our appointment the Receivership Entities were in a GST refund position.

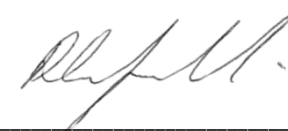
Amounts likely to be available as at the date of the report for payment of unsecured creditors

- The key driver of potential returns to creditors is the recovery of final payment claims, retentions and collateral in respect of outstanding performance bonds on Retained Projects. At this stage it is uncertain what funds will be available for unsecured creditors.

Further information

- Should you have any queries on the contents of this report please contact Kiran Patel direct dial (09) 926 5118.

Dated: 18 January 2019



Andrew Grenfell
Receiver and Manager

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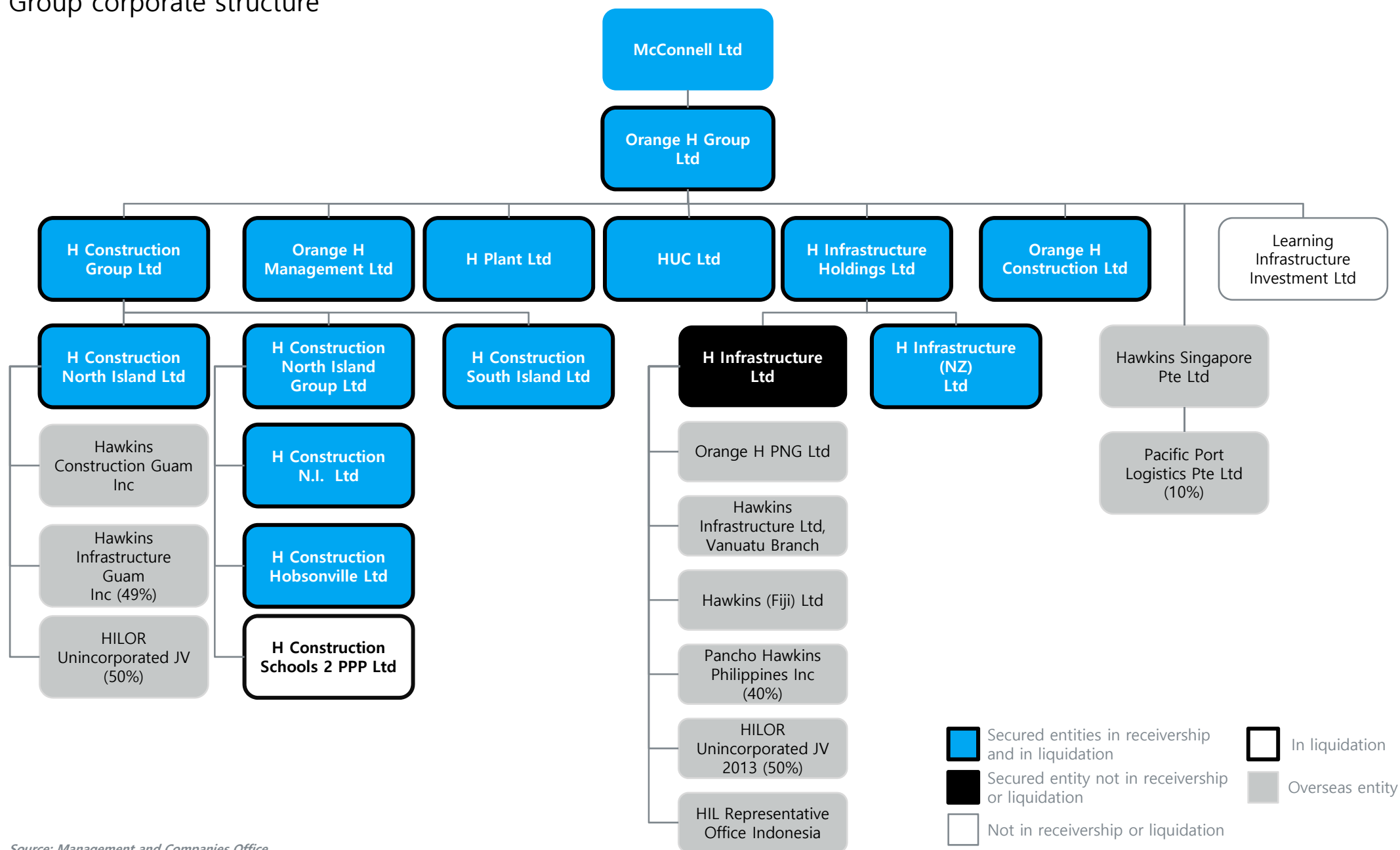


Appendices

Appendix 1	Group structure diagram
Appendix 2	Receipts and payments
Appendix 3	Secured lenders under the GSA

Appendix 1

Group corporate structure



Source: Management and Companies Office

Appendix 2

2.1 Orange H Group Limited (In Receivership)(In Liquidation)

Orange H Group Limited (In Receivership) (In Liquidation)	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)
Cash at bank - 11 May 2018	2,742
Project receipts	-
GST and PAYE refunds	804
Receipts relating to other parties	26
Other receipts	108
Total receipts	3,679
Secured creditor distribution	(1,395)
Receivers' fees and disbursements	(170)
Legal fees and disbursements	(188)
GST paid	-
Salaries and wages	(98)
PAYE	(45)
Proect costs	-
Retentions	-
Other payments	(33)
Total payments	(1,930)
Closing cash on hand	1,750

Amounts due to Secured Lenders	
McConnell Limited	\$24.8m
Other Group companies	\$149.7m
Total amount due to Secured Lenders	\$174.5m

Appendix 2

2.2 H Construction Group Limited (In Receivership)(In Liquidation)

H Construction Group Ltd (In Receivership)(In Liquidation)		Amounts due to Secured Lenders	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)	Other Group companies	\$4.7m
Cash at bank - 11 May 2018	-		
Project receipts	-		
GST refunds	-		
Other receipts	-		
Total receipts	-		
Secured creditor distribution	-		
Receivers' fees and disbursements	-		
Legal fees and disbursements	-		
GST paid	-		
Salaries and wages	-		
PAYE	-		
Other payments	-		
Total payments	-		
Closing cash on hand	-		

Appendix 2

2.3 H Construction North Island Limited (In Receivership)(In Liquidation)

H Construction North Island Limited (In Receivership) (In Liquidation)	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)
Cash at bank - 11 May 2018	1
Project receipts	434
GST refunds	10
Other receipts	0
Total receipts	445
Secured creditor distribution	-
Receivers' fees and disbursements	(33)
Legal fees and disbursements	(30)
GST paid	(56)
Salaries and wages	-
PAYE	-
Project costs	(31)
Retentions	-
Other payments	(1)
Total payments	(151)
Closing cash on hand	294

Amounts due to Secured Lenders	
Other Group companies	\$144.3m

Appendix 2

2.4 Orange H Management Limited (In Receivership)(In Liquidation)

Orange H Management Ltd (In Receivership)(In Liquidation)	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)
Cash at bank - 11 May 2018	-
Project receipts	-
GST refunds	-
Other receipts	-
Total receipts	-
Secured creditor distribution	-
Receivers fees' and disbursements	-
Legal fees and disbursements	-
GST paid	-
Salaries and wages	-
PAYE	-
Other payments	-
Total payments	-
Closing cash on hand	-

Amounts due to Secured Lenders	
Other Group companies	\$11.6m

Appendix 2

2.5 H Construction N.I. Limited (In Receivership)(In Liquidation)

H Construction N.I. Limited (In Receivership) (In Liquidation)		Amounts due to secured creditors	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)	Other Group companies	\$80.3m
Cash at bank - 11 May 2018	-		
Project receipts	936		
GST refunds	66		
Other receipts	0		
Total receipts	1,002		
Secured creditor distribution	-		
Receivers' fees and disbursements	(249)		
Legal fees and disbursements	(39)		
GST paid	(144)		
Salaries and wages	-		
PAYE	-		
Project costs	(14)		
Retentions	-		
Other payments	(14)		
Total payments	(461)		
Closing cash on hand	542		

Appendix 2

2.6 H Construction Hobsonville Limited (In Receivership)(In Liquidation)

H Construction Hobsonville Ltd (In Receivership)(In Liquidation)

Receipts and Payments Summary 11 May 2018 to 10 November 2018 **\$'000 (GST Incl.)**

Cash at bank - 11 May 2018	-
Project receipts	-
GST refunds	-
Other receipts	-
Total receipts	-
Secured creditor distribution	-
Receivers' fees and disbursements	-
Legal fees and disbursements	-
GST paid	-
Salaries and wages	-
PAYE	-
Other payments	-
Total payments	-
Closing cash on hand	-

Amounts due to secured creditors

Other Group companies	\$6.5m
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Appendix 2

2.7 H Construction North Island Group Limited (In Receivership)(In Liquidation)

H Construction North Island Group Ltd (In Receivership)(In Liquidation)		Amounts due to secured creditors	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)	Other Group companies	\$1.6m
Cash at bank - 11 May 2018	-		
Project receipts	-		
GST refunds	-		
Other receipts	-		
Total receipts	-		
Secured creditor distribution	-		
Receivers' fees and disbursements	-		
Legal fees and disbursements	-		
GST paid	-		
Salaries and wages	-		
PAYE	-		
Other payments	-		
Total payments	-		
Closing cash on hand	-		

Appendix 2

2.8 H Construction South Island Limited (In Receivership)(In Liquidation)

H Construction South Island Limited (In Receivership) (In Liquidation)		Amounts due to secured creditors	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)	Other Group companies	\$49.4m
Cash at bank - 11 May 2018	0		
Project receipts	1,667		
GST refunds	304		
Other receipts	1		
Total receipts	1,972		
Secured creditor distribution	-		
Receivers' fees and disbursements	(257)		
Legal fees and disbursements	(114)		
GST paid	(64)		
Salaries and wages	-		
PAYE	-		
Project costs	(7)		
Retentions	-		
Other payments	(55)		
Total payments	(498)		
Closing cash on hand	1,474		

Appendix 2

2.9 H Infrastructure (NZ) Limited (In Receivership)(In Liquidation)

H Infrastructure (NZ) Ltd (In Receivership)(In Liquidation)		Amounts due to secured creditors	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)	Other Group companies	\$0.5m
Cash at bank - 11 May 2018	-		
Project receipts	-		
GST refunds	-		
Other receipts	-		
Total receipts	-		
Secured creditor distribution	-		
Receivers' fees and disbursements	-		
Legal fees and disbursements	-		
GST paid	-		
Salaries and wages	-		
PAYE	-		
Other payments	-		
Total payments	-		
Closing cash on hand	-		

Appendix 2

2.10 H Infrastructure Holdings Ltd (In Receivership)(In Liquidation)

H Infrastructure Holdings Ltd (In Receivership)(In Liquidation)

Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)
Cash at bank - 11 May 2018	-
Project receipts	-
GST refunds	-
Other receipts	-
Total receipts	-
Secured creditor distribution	-
Receivers' fees and disbursements	-
Legal fees and disbursements	-
GST paid	-
Salaries and wages	-
PAYE	-
Other payments	-
Total payments	-
Closing cash on hand	-

Appendix 2

2.11 H Plant Ltd (In Receivership)(In Liquidation)

H Plant Ltd (In Receivership)(In Liquidation)		Amounts due to secured creditors	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)	Other Group companies	\$7.2m
Cash at bank - 11 May 2018	-		
Project receipts	-		
GST refunds	-		
Other receipts	-		
Total receipts	-		
Secured creditor distribution	-		
Receivers' fees and disbursements	-		
Legal fees and disbursements	-		
GST paid	-		
Salaries and wages	-		
PAYE	-		
Other payments	-		
Total payments	-		
Closing cash on hand	-		

Appendix 2

2.12 HUC Ltd (In Receivership)(In Liquidation)

HUC Limited (In Receivership) (In Liquidation)

Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)
Cash at bank - 11 May 2018	53
Project receipts	-
GST refunds	8
Other receipts	-
Total receipts	61
Secured creditor distribution	-
Receivers fees and disbursements	-
Legal fees and disbursements	-
GST paid	-
Salaries and wages	-
PAYE	-
Other payments	-
Total payments	-
Closing cash on hand	61

Amounts due to secured creditors

McConnell Limited	\$1.2m
Other Group companies	\$6.3m
Total amount due to secured creditors	\$7.5m

Appendix 2

2.13 Orange H Construction Ltd (In Receivership)(In Liquidation)

Orange H Construction Ltd (In Receivership)(In Liquidation)	
Receipts and Payments Summary 11 May 2018 to 10 November 2018	\$'000 (GST Incl.)
Cash at bank - 11 May 2018	-
Project receipts	-
GST refunds	-
Other receipts	-
Total receipts	-
Secured creditor distribution	-
Receivers' fees and disbursements	-
Legal fees and disbursements	-
GST paid	-
Salaries and wages	-
PAYE	-
Other payments	-
Total payments	-
Closing cash on hand	-

Appendix 3

Secured lenders under the GSA

Secured lenders
Company name
<ul style="list-style-type: none">▪ McConnell Limited ⁽¹⁾▪ Orange H Group Limited (In Receivership)(In Liquidation)▪ H Construction Group Limited (In Receivership)(In Liquidation)▪ H Construction Hobsonville Limited (In Receivership)(In Liquidation)▪ H Construction North Island Limited (In Receivership)(In Liquidation)▪ H Construction North Island Group Limited (In Receivership)(In Liquidation)▪ H Construction N.I. Limited (In Receivership)(In Liquidation)▪ H Construction South Island Limited (In Receivership)(In Liquidation)▪ H Infrastructure Holdings Limited (In Receivership)(In Liquidation)▪ H Infrastructure (NZ) Limited (In Receivership)(In Liquidation)▪ H Plant Limited (In Receivership)(In Liquidation)▪ HUC Limited (In Receivership)(In Liquidation)▪ Orange H Construction Limited (In Receivership)(In Liquidation)▪ Orange H Management Limited (In Receivership)(In Liquidation)▪ H Infrastructure Limited

Note: 1) McConnell Limited is the Security Agent on behalf of all the Secured Lenders

